



September 7, 2010

Mr. Russell Golden
Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

File Reference: No. 1810-100 *Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities*

Dear Mr. Golden:

I am writing to express my strong concerns and much opposition to the portion of the proposal that requires all financial instruments to be marked to market. From a mutual banks perspective, this will cloud transparency rather than improve it, and put into question the most critical element of bank financial statements: Cross County Federal Savings Bank's capital.

In the FASB proposal, banks must record loans on the balance sheet at their market value. In all my meetings with bank management regarding financial results, market values of loans are never discussed. Although I understand the rationale for providing banks with the ability to provide more robust loan loss reserves, I believe the focus on mark to market is not relevant for loans that are not being sold. (Cross County Federal Savings Bank portfolios all its loans.) Additionally, with individualized payment terms, collateralization, and guarantee structures, the vast majority of commercial bank loans have no reliable market in which they could be sold, further calling into question the reliability of using fair value as the basis for financial statements. Even if there were active markets, fair value is not the appropriate measurement for loans since it does not represent the cash the bank will receive. So, even if it were easy to find a market value, that market value is irrelevant, since the bank would not sell the loan. As a result of your proposal, my banks capital will be affected by market swings that cannot reasonably be expected to ever be realized by the bank.

Additionally my bank is very concerned about the costs and staff that will need to be dedicated to produce and audit such data. We have learned from the recent financial crisis that markets are sometimes illiquid and sometimes irrational. Because my bank does not use fair values in managing their cash flows, I anticipate that this could require all banks to hire more staff and/or consultants to assist with estimating fair values and to pay significantly higher audit fees.

With this in mind, I recommend you to drop your proposal to mark loans to market.

Please feel free to contact me if you would like to discuss my concerns.

Sincerely,

Anthony M. Milone
Anthony M. Milone
President & CEO
Chairman of the Board

AMM/js